

Proceedings:
Pharmaceutical Policy Options Workshop
Karaganda, Kazakhstan

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ACRONYMS AND GLOSSARY

<i>Akim</i>	Head of Oblast Administration [analogous to a U.S. governor]
<i>Akimat</i>	Oblast Administration
CAR	Central Asian Republics
CHP	Center for Health Purchasing [<i>Densaulyk</i>]
<i>Dari-Darmek</i>	Kazakhstan agency charged with controlling pharmaceutical activities
DUR	drug utilization review
FGP	family group practice
FTC	Formulary and Therapeutics Committee
KMA	Karaganda Medical Academy
MSH	Management Sciences for Health
OKB	Oblast Clinical Hospital
PHC	primary health care
RK	Republic of Kazakhstan
RPM	Rational Pharmaceutical Management [Project]
STGs	standard treatment guidelines
USAID	U.S. Agency for International Development
VEN	vital, essential, nonessential

EXECUTIVE SUMMARY

Background

During 1995–1997, Kazakhstan decentralized and privatized its pharmaceutical supply network. The immediate visible result of the privatization was a dramatic increase in the availability of pharmaceuticals in private retail pharmacies. It was not clear, however, what effect privatization of the pharmaceutical sector would have on the availability and affordability of drugs in public-sector settings.

To better understand the pharmaceutical sector problems in Kazakhstan, the USAID Mission in Almaty commissioned an indicator-based pharmaceutical sector assessment, which was conducted by Management Sciences for Health (MSH)/Rational Pharmaceutical Management (RPM) Project in Karaganda Oblast in February–March 2000. The assessment data were analyzed and the assessment report¹ was developed during March–April 2000. The report presented assessment findings, identified gaps in the Karaganda Oblast pharmaceutical system, and suggested possible courses of action to correct problems in each area.

The suggested activities that follow were intended to serve as a point of departure for discussion at a policy options workshop that was conducted by RPM in Karaganda Oblast on May 25–26, 2000.

Policy Options Workshop

The workshop was conducted by the RPM Project in collaboration with the U.S. Agency for International Development/Central Asian Republics (USAID/CAR) ZdravReform Project, Karaganda Oblast Health Administration, Center for Health Purchasing (CHP) *Densaulyk*, and the Karaganda Medical Academy. Ninety-two participants represented the USAID/Almaty Mission, National Agency for Health, the Government and Parliament of the Ministries of Finance and Economy, Oblast Administration (*Akimat*), Oblast Health Administration, the Karaganda Medical Academy, CHP *Densaulyk*, directors of major oblast hospitals, and family group practices (FGPs). The estimated total number of health workers who attended the workshop was more than 100.

Objectives

The main objectives of the workshop were to discuss the results of the pharmaceutical sector assessment, the proposed options for addressing the outlined problems, and to assist the oblast in evaluating existing resources and drafting an implementation plan.

¹ Zagorski, Andrei, and Marina Semenchko. 2000. *Karaganda Oblast, Kazakhstan, Pharmaceutical Sector Assessment*. Published for the U.S. Agency for International Development by the Rational Pharmaceutical Management Project. Arlington, VA: Management Sciences for Health.

Mode of Implementation

The workshop objectives were achieved through plenary discussion of the assessment results followed by the formulation of implementation approaches in four work groups (Drug Policy Options, Management Information System, Formulary System Implementation, and Pharmaceutical Sector Finance Options).

Presentations on the assessment results were delivered by MSH/RPM staff, speakers from the USAID ZdravReform Project, representatives from the Karaganda Oblast Health Administration, and faculty from the Karaganda Medical Academy.

Assessment results were discussed by speakers from the USAID/Almaty Mission, the Government and Parliament of the Republic of Kazakhstan, Ministry of Finance, National Agency for Health, and Akimat.

Work group activities were facilitated by RPM staff, the ZdravReform Project, the Oblast Health Administration, and CHP Densaulyk.

Outcomes

The workshop work groups drafted proposals for Akimat and the Oblast Health Administration on a number of activities aimed at improving pharmaceutical sector efficiency. The proposed activities included development of an oblast drug policy, implementation of a formulary system, and the establishment of a drug management information system (DMIS) and drug information center.

The Oblast Health Administration and Akimat also discussed the necessity of a special study to evaluate the feasibility and economic viability of establishing insurance-based financial mechanisms for the pharmaceutical sector.

The workshop was very well received by key decision makers at the national and oblast levels and was covered by the local media.

INTRODUCTION

Background

Between 1995 and 1997, Kazakhstan decentralized and privatized its pharmaceutical supply network. The immediate visible result of the privatization was a dramatic increase in the availability of pharmaceuticals in private retail pharmacies. However, as was anecdotally reported by health officials at various levels, drugs became less affordable for the majority of patients. Likewise, hospital administrators complained about the inability of their hospitals to procure drugs at higher prices with constantly diminishing drug budgets.

To better understand the pharmaceutical sector problems in Kazakhstan, the U.S. Agency for International Development (USAID) Mission in Almaty commissioned an indicator-based pharmaceutical sector assessment, which was conducted by Management Sciences for Health (MSH)/Rational Pharmaceutical Management (RPM) Project in Karaganda Oblast in February–March 2000. The assessment report provided an analysis of the collected data and identified possible approaches for addressing pharmaceutical sector problems.² The assessment report was translated into Russian and served as the basis for the policy options dialogue at the workshop that followed.

The Policy Options Workshop was conducted May 25–26, 2000, in Karaganda by RPM in collaboration with the U.S. Agency for International Development/Central Asian Republics (USAID/CAR) ZdravReform Project, Karaganda Oblast Health Administration, Center for Health Purchasing (CHP) *Densaulyk*, and the Karaganda Medical Academy. The workshop was the last major RPM/CAR program activity.

Ninety-two invited participants represented the USAID/Almaty Mission, National Agency for Health, the Government and Parliament of Kazakhstan, the Ministries of Finance and Economy, Oblast Administration (*Akimat*), Oblast Health Administration, the Karaganda Medical Academy, CHP *Densaulyk*, directors of major oblast hospitals, and family group practices (FGPs). The estimated total number of health workers who attended the workshop was more than 100.

The program and list of participants appear in Annexes 1 and 2.

Objectives

The workshop sought to accomplish the following—

² Zagorski, Andrei, and Marina Semenchko. 2000. *Karaganda Oblast, Kazakhstan, Pharmaceutical Sector Assessment*. Published for the U.S. Agency for International Development by the Rational Pharmaceutical Management Project. Arlington, VA: Management Sciences for Health.

- Discuss the results of the indicator-based pharmaceutical sector assessment and use the data and information to guide decision making
- Familiarize national-level decision makers with pharmaceutical sector problems and oblast and sector needs to address these problems
- Discuss the basic structure and components of the pharmaceutical management cycle and the components' relationships
- Identify drug policy components and discuss existing gaps and needs
- Define the components and role of the formulary system in drug sector management and the steps for its implementation
- Discuss the role of the management information system in decision making and discuss existing gaps
- Draft a plan and steps for the development of an oblast drug policy
- Draft a plan and steps for formulary system implementation
- Assess existing resources and identify pilot sites for formulary system implementation at the hospital and primary health care (PHC) levels

Mode of Implementation

The first day of the workshop was given to a plenary discussion of the assessment report. The session was opened by national-level speakers, including the Deputy Head of the National Agency for Health, the Adviser to the Prime Minister, and a member of the Kazakhstan Parliament. The speakers rated highly the importance of the pharmaceutical sector assessment performed in Karaganda Oblast by RPM as the basis for a discussion of health problems Kazakhstanwide and assured Karaganda of national-level support for pharmaceutical sector reforms.

Presentations on the assessment results were delivered by MSH/RPM staff, speakers from the USAID ZdravReform Project, representatives from the Karaganda Oblast Health Administration, CHP Densaulyk, and faculty from the Karaganda Medical Academy (KMA).

A summary of opening speeches and presentations, as well as problems discussed, is presented in a following section.

The second day of the workshop began with small-group activities. Each of the four groups developed a set of measures to address the pharmaceutical sector problems pertaining to drug policies, finance, management information, drug selection, procurement, and use.

The draft plans developed by the work groups were then presented by group leaders at the plenary session and were followed by a discussion. The work group activities were facilitated by RPM, ZdravReform Project, the Oblast Health Administration, and CHP Densaulyk staff.

Draft plans developed by work groups are presented either in the body of this report or in Annex 4. It was decided that during June 1–10, the Oblast Health Administration and CHP Densaulyk would merge the drafts, set timelines for the proposed activities, and assign

responsibilities. It is expected that later the plan will be approved by the Head of the Oblast Health Administration, disseminated oblastwide, and sent to the National Agency for Health.

WORKSHOP ORGANIZERS AND SPEAKERS

Organizers

Andrei Zagorski, CAR Country Program Manager, RPM/MSH
Marina Semenchenko, Senior Program Associate, RPM/MSH
Talgat Nurgozhin, ZdravReform Project Consultant
Nadezhda Khe, Director of CHP Densaulyk
Alexander Gulyaev, Professor, Karaganda Medical Academy

Logistics Support

Oblast CHP Densaulyk
Karaganda Medical Academy

Speakers

B. Tutkushev, Senator, Parliament of the Republic of Kazakhstan
T. Rakhipbekov, Adviser to the Prime Minister
H. Kabzhanov, Deputy Akim [Lieutenant Governor] of the Oblast
M. Omarova, Deputy Head of the Department of Drug Policy, Economy and Finance,
National Agency for Health
I. Aitmagambetova, Manager of Health Projects, USAID/Almaty Mission
G. Hafner, Director, Public Health Programs, ZdravReform Project
A. Zagorski, CAR Country Program Manager, RPM/MSH
T. Nurgozhin, Clinical Pharmacologist, USAID ZdravReform Project Associate
N.S. Khe, Director of CHP Densaulyk
M. Tnimov, Head of the Department of Licensing, Accreditation, and Post-Licensing
Monitoring, Oblast Health Administration
D. Brevnov, Head of Information Department, CHP Densaulyk
G. Schetinina, Deputy Director of *Dari-Darmek*
R.S. Dosmagambetova, Professor, Karaganda Medical Academy
K.A. Alihanova, Professor, Karaganda Medical Academy
A.E. Gulyaev, Professor, Karaganda Medical Academy
N.S. Umbetalina, Professor, Karaganda Medical Academy

Work Group Facilitators

Drug Policy Group	K. Ermekbaev, Head of Oblast Health Administration; A. Zagorski, CAR Country Program Manager, RPM/MSH
Management Information System	N.S. Khe, Director of CHP Densaulyk
Formulary System Implementation	M. Semenchenko, Senior Program Associate, RPM/MSH A. Gulyaev, Professor, Karaganda Medical Academy
Pharmaceutical Sector Finance	G. Hafner, Director, Public Health Programs, ZdravReform Project O. Zuz, Health Economics Consultant, ZdravReform Project

SUMMARY OF PRESENTATIONS

Opening Ceremony

H. Kabzhanov, Deputy Akim [Lieutenant Governor] of the Oblast

The speaker noted the timely character of the workshop as the oblast is seeking ways to improve health services for its population. One proof of the importance of the workshop is the attention given by international organizations, as well as the national and oblast-level governments. It is impossible to manage the public health sector without a scientific approach. The workshop will facilitate further studies and development of a drug policy, which is especially important for the Oblast Administration. It is also anticipated that the workshop will discuss possibilities for rationalizing health expenditures through implementation of modern management technologies.

T. Rakhimbekov, Adviser to the Prime Minister

The speaker compared the RPM assessment to a snapshot of the dark side of the moon, inasmuch as the indicator-based approach to the survey provided data that otherwise could not have been collected. Of great importance are actual figures for pharmaceutical budget allocations that give a better understanding of the national government's commitment to the drug supply. According to official sources, the overall drug consumption in the country is US\$23 per capita. However, as was shown by the RPM survey, in the public sector the allocations for drugs are only US\$0.60 per capita. Further studies of the drug market are required to assess, for example, the volume and sources of smuggled drugs that account for approximately half of the drug market. Among the immediate tasks of the National Agency for Health, the speaker emphasized the necessity of developing national drug policies and adequate enforcement mechanisms, training pharmaceutical managers, and developing treatment standards. Karaganda could become a national pilot site for the development and implementation of drug policies and whose experience would be disseminated countrywide.

M. Omarova, Deputy Head of the Department of Drug Policy, Economy and Finance, National Agency for Health

The speaker identified the lack of a national drug policy and enforcement mechanisms as the reason for improper use of health funds and the inundation of smuggled drugs into the market. An inefficient and nontransparent drug registration system leads to the procurement of nonregistered drugs by health facilities. Other problems include deficiencies in procurement mechanisms that allow drug companies to negotiate drug prices among themselves, and lack of drug pricing policies at the national level. As was shown by the assessment, price differences in the retail sector are sometimes tenfold for the same products, making drugs less and less affordable to patients. The assessment results will help the National Agency for Health to prioritize problems and develop a strategy for the reform implementation.

I. Aitmagambetova, Manager of Health Projects, USAID/Almaty Mission

USAID has consistently supported health reforms in Kazakhstan. Participation of the National Agency for Health, the Ministry of Economy, and Parliament representatives proves that USAID health projects are gaining national support and attention. The pharmaceutical sector assessment report will be a powerful tool for the Mission to plan and develop future projects.

G. Hafner, Director, Public Health Programs, ZdravReform Project

The USAID ZdravReform Project has worked in Kazakhstan, and specifically in Karaganda Oblast, for many years. Although at this point it is not possible to make commitments regarding the project's future activities, it is safe to say that the ZdravReform Project will continue its collaboration with Karaganda and provide assistance in reforming primary health care services, drug formulary development, and health sector policies.

Presentations

Andrei Zagorski, CAR Country Program Manager, RPM/MSH, "Indicator-Based Pharmaceutical Sector Assessment: Objectives and Expected Outcomes of the Policy Options Workshop"

The speaker gave a brief outline of the RPM Project and activities in Kazakhstan from 1994 to 2000. A detailed discussion of the methodology of an indicator-based pharmaceutical sector assessment followed, including the survey instruments used and the selection of survey sites. Special attention was given to the use of indicators for an ongoing postassessment monitoring of the pharmaceutical sector. The speaker outlined the goals of the workshop and the expected outcomes.

Dr. Talgat Nurgozhin, USAID ZdravReform Project Consultant, "Drug Supply Services in Kazakhstan: Issues and Approaches"

The presentation outlined achievements in pharmaceutical reform in Kazakhstan to date, including privatization of the drug supply network that led to an increase in the availability of drugs on the market, the development of a national List of Essential Drugs and accompanying manual, and the development of domestic pharmaceutical production. However, many issues have yet to be addressed and require the close attention of the Kazakhstan government. Measures should be taken to increase the efficiency of state control over drug sales, to guarantee the provision of medicines to the neediest, and to develop sources of unbiased drug information for prescribers and patients. Among possible solutions are the development of national drug policies, control over drug expenditures through the development of drug formularies, training of pharmaceutical managers, establishment of drug information centers, and careful implementation of alternative financial mechanisms such as pharmaceutical insurance.

Nadezhda Khe, Director of CHP Densaulyk, "Issues and Development Options for the Drug Supply System in Karaganda Oblast"

The presentation was built around the assessment's findings. The speaker emphasized the growing burden of out-of-pocket expenditures for hospital patients that often results in their undertreatment and subsequent rehospitalization. The situation could be attributed in part to diminishing health and drug budgets and the irrational use of scarce funds. Currently, only 6.1 percent of oblast health budget funds are allocated to drug purchases. However, even these funds are used irrationally, with only 51 percent spent on the procurement of vital drugs. Another reason is overprescribing, which leads to costly treatment covered by patients out-of-pocket. Possible options to improve the situation include development of treatment standards and mechanisms for ongoing indicator-based monitoring drug use patterns and the drug supply system.

M. Tnimov, Head of the Department of Licensing, Accreditation, and Postlicensing Monitoring, Oblast Health Administration, "Drug Supply Organization and Regulation Problems and Possible Approaches"

The Kazakhstan pharmaceutical market is decentralized and private, and is characterized by a large number of drug suppliers and high drug prices due to the lack of price control mechanisms. For public health sector drug procurement to be efficient the following elements of procurement mechanisms require development or improvements: (1) postlicensing monitoring, (2) transparent tender procedures, (3) supplier performance monitoring, (4) pharmaceutical inspections of suppliers and distributors, and (5) policies and regulations in support of public drug supply mechanisms.

Denis Brevnov, Head of Information Department, CHP Densaulyk, "Role of Management Information Support in the Drug Supply System"

The speaker familiarized the audience with the Karaganda Oblast CHP Densaulyk experience in developing a management information system within the framework of the USAID ZdravReform Project. This experience, and the existing infrastructure and personnel of CHP Densaulyk, were particularly useful to RPM during its pharmaceutical sector assessment and report writing. The RPM–Densaulyk cooperation proved to be mutually beneficial; during the assessment process, the Densaulyk staff was trained by RPM in the indicator-based approach and was provided with a number of drug information sources. The assessment identified the lack of drug information for both prescribers and patients as one of the reasons for the irrational prescribing and use of drugs and available drug funds. Currently, Densaulyk has the capacity to establish an on-site drug management information system to assist the Oblast Health Administration in controlling the sector, as well as an oblast drug information center for prescribers and patients. Some assistance from the USAID projects may be required for training and obtaining access to international sources of evidence-based drug information.

G. Schetinina, Deputy Director of Dari-Darmek, "Drug Legislation, Safety and Quality of Pharmaceuticals"

Drug policy should ensure drug availability, quality, safety, and affordability. Accomplishing this goal may require careful consideration of interest groups, including pharmaceutical businesses and patients. Development of drug pricing policy may require a special study of how

drug registration, licensing, certification, and accreditation mechanisms affect the price of pharmaceuticals. Currently, one of the effective immediate measures to ensure quality and safety of drugs could be the reestablishing Dari-Darmek (the national agency charged with controlling pharmaceutical activities) as a body empowered to coordinate and enforce existing regulations, as well as to conduct inspections and drug quality testing—the capacity it had before 1999.

R. Dosmagambetova, Professor, Karaganda Medical Academy, “Options for Addressing Drug Use Problems in Hospitals”

The speaker emphasized that one effective way of controlling drug prescribing and use in health facilities is through the formulation and implementation of drug-specific standard treatment guidelines. The speaker illustrated her presentation with several examples from the assessment report of current treatment patterns for specific diseases characterized by excess prescribing and high costs of treatment. The formulation and implementation of treatment standards should become one of the priorities for oblast health facilities and the Karaganda Medical Academy.

K. Alihanova, Professor, Karaganda Medical Academy, “Options for Addressing Drug Use Problems in FGPs”

One way to optimize treatment at the family group practice (FGP) level is the development of FGP-specific drug formularies that would take into account profiles of the population. FGP associations in Karaganda and Jezkazgan are ready to start work on developing such drug formularies and specific treatment standards. Assistance from USAID projects may be required and will be welcomed.

Alexander Gulyaev, Professor, Karaganda Medical Academy, “The Formulary System: Point of View of a Clinical Pharmacologist”

Drug formularies and modern treatment standards should become a backbone of the public health system. Theoretically, development of treatment standards should precede formulary drug selection. However, given the lack of training in treatment standards development and poor financial resources, it may be reasonable to begin with a step-by-step formulary selection and then move on to the development of treatment guidelines. In any case, formulary system implementation will only be successful if policies are developed to support this work.

N. Umbetalina, Professor, Karaganda Medical Academy. “Role of the Medical Academy in the Development of Rational Drug Use Approaches”

The Karaganda Medical Academy is not currently involved in oblast health reforms, nor does it provide training in drug management or rational drug use. There is every possibility, however, for wider involvement of the academy in reforms and cooperation with international projects. Academicians are ready to participate in the development of an oblast drug formulary and to assist hospitals and FGPs in conducting drug utilization review programs. The first step for such cooperation could be participation in activities of the oblast Formulary and Therapeutics Committee.

The first day of the workshop concluded with brief presentations made by Dr. Ermekbaev, the Head of the Oblast Health Administration, and RPM CAR Country Program Manager Andrei Zagorski, who summarized the day's presentations and discussions.

The issues surrounding the pharmaceutical sector fell into several categories that the participants proposed to address respectively through the following three initiatives.

1. Development of an Oblast drug policy would—
 - Indicate the oblast government's commitment to providing vital drugs to the population
 - Develop the basis for a working public/private-sector relationship in the drug supply to help combat price fixing and smuggling of pharmaceuticals
 - Serve as a legal basis for the development of enforceable regulations pertaining to drug selection, procurement, and use
2. Implementation of a formulary system would—
 - Rationalize drug expenditures and allow the reallocation of scarce public funds to the procurement of vital drugs
 - Require development and implementation of standard treatment guidelines and drug use review programs expected to result in safer and more cost-effective treatment
3. Establishment of a drug management information system and drug information center would—
 - Provide indicators to monitor performance and outcomes in the pharmaceutical sector
 - Collect the indicator data
 - Provide analysis and information required for decision making
 - Provide unbiased drug information required for selection and prescription decision making

The Oblast Health Administration and Akimat also discussed the necessity of a special study to evaluate the feasibility and economic viability of establishing insurance-based financial mechanisms for the pharmaceutical sector.

The presentations and discussions on the first day shaped the topics that were addressed by the work groups on day two.

Summary of Work Group Sessions

The objective of the four work group sessions was to identify measures and activities aimed at improvements in the pharmaceutical sector in accordance with the assessment findings and plenary discussions during the first day of the workshop. A list of the work groups' participants can be found in Annex 3.

It should be noted that because the RPM CAR project ended on June 30, 2000, it was impossible for RPM to formulate a concrete workplan for the oblast. The set of activities outlined by the participants thus did not include possible RPM technical assistance. Karaganda Oblast may require additional assistance from other USAID-funded health projects.

Following is a draft of the Workshop Resolution as drafted by the Oblast Health Administration's Drug Policy Group. The resolution summarizes oblast plans for pharmaceutical sector reforms. It was expected that a detailed implementation plan with timelines and responsibilities would be developed by the Oblast Health Administration in June 2000. The resolutions and plans of the three other work groups are in Annex 4.

DRAFT RESOLUTION OF POLICY OPTIONS WORKSHOP

Karaganda Oblast Health Administration
May 25–26, 2000

The Karaganda Policy Options Workshop members discussed the results of the pharmaceutical sector assessment. The assessment was conducted jointly by the USAID Rational Pharmaceutical Management Project, the Karaganda Oblast Health Administration, CHP Densaulyk, the Karaganda Medical Academy, and the USAID ZdravReform Project. The assessment identified existing problems in the oblast pharmaceutical sector and outlined possible options for reforms.

In accordance with the laws of the Republic of Kazakhstan, Karaganda Oblast has the right to develop its own drug policy provided that it does not contradict national legislation.

Oblast Drug Policy

The future oblast drug policy will identify pharmaceutical sector objectives, set priorities and outline strategic approaches, define the relationship between the public and private sectors, and allow collaboration with nongovernmental organizations and international donors.

Aim of Oblast Drug Policy

The main aim of the oblast drug policy is to ensure the availability of vital and essential drugs to the population.

Elements of Oblast Drug Policy

- Legislation and regulation
- Economic strategies for the drug supply system
- Drug Management Information System
- Human resources development mechanisms
- Formulary system

Objectives of the Oblast Health Administration in Drug Policy Development

In order to achieve the aim of the oblast drug policy, the Oblast Health Administration needs to develop objectives for each element of the policy, as well as strategies and mechanisms for its implementation. To accomplish this, the following objectives are to be met in order to improve management efficiency and optimize pharmaceutical sector activities.

Legislation and Regulation

- Develop oblast regulatory acts in support of drug policy and the formulary system
- Develop a proposal on changes in national drug policies for the government
- Develop implementation strategies and establish enforcement mechanisms

Economic Strategies for the Drug Supply System

- Develop measures to increase competition in the oblast drug market
- Guarantee the rational use of funds for the procurement of vital drugs, including for exempt patients, through the development and implementation of restrictive drug lists (formularies)
- Explore opportunities for alternative funding sources for the drug supply (e.g., through pharmaceutical insurance mechanisms, copay, and the private sector)
- Improve tender documents and procedures
- Develop a proposal at the national level to establish mechanisms for reinvesting monies saved in the oblast public health sector back into the sector

Drug Management Information System

- Establish a center for unbiased evidence-based drug information for prescribers and patients
- Develop and maintain a database on postmarketing drug monitoring, adverse drug reactions, and drug quality problems
- Develop and implement ongoing monitoring of the pharmaceutical sector based on performance and outcome indicators

Human Resources Development Mechanisms

- Identify the scope of work and responsibilities of a clinical pharmacologist in health facilities whose job entails drug use and selection processes
- Evaluate existing resources and develop training programs for oblast prescribers on rational prescribing and use in conjunction with the Karaganda Medical Academy, and with assistance from international projects
- Develop a network for exchanging experiences in pharmaceutical sector reforms with other oblasts and countries

Formulary System

- Optimize drug selection, procurement, and use based on the oblast drug formulary and specific drug formularies of health facilities

Implementation Strategies

Step 1

- Establish a drug policy development work group
- Assign responsibilities for the development of drug policy elements
- Develop a plan and timeline for the development of the drug policy
- Analyze existing oblast and national legislation and regulations pertaining to the pharmaceutical sector and identify needs in legislation development
- Approve principles of a formulary system as the main strategy of the oblast drug policy
- Establish an Oblast Formulary and Therapeutics Committee (FTC)
- Establish an Oblast Drug Information Center
- Select pilot sites (hospitals and FGPs) and establish facility FTCs

Step 2

- Develop and approve the FTCs' policies and procedures
- Develop and approve principles, criteria, and mechanisms for formulary drug selection
- Develop and approve mechanisms of drug formulary use in pilot facilities for prescription and procurement
- Improve existing competitive procurement methods, including the following:
 - Review and improve standard bidding documents
 - Develop drug specifications to guarantee drug quality and safety
 - Develop mechanisms for domestic production support
- Explore opportunities for legislative support for nongovernmental, nonprofit drug purchasing groups (one such group could be established at the Karaganda Hospital Association, another at the Jezkazgan Association of Family Group Practices)
- Develop a proposal at the national level to establish a body for state control and monitoring of the pharmaceutical sector to ensure the quality and legality of drugs
- Develop a proposal at the national level to improve drug registration and licensing mechanisms in order to increase competition in the drug market
- Discuss the results of pilot formulary implementation oblastwide

Step 3

- Approve and implement a formulary system as the basis for drug policy and pharmaceutical sector management oblastwide. The key elements of a formulary system are as follows:
 - Functional FTCs at the oblast and facility levels
 - Existence of written policies and procedures that define the principles of drug selection, procurement, and use
 - Existence of a regularly updated restrictive oblast drug list (formulary)
 - Competitive drug procurement based on the formulary
 - Formulary-based drug prescription in health facilities of all levels
 - Reimbursement of health services (pharmacotherapy component) based on the use of formulary drugs

- Existence and availability of sources of unbiased evidence-based drug information
- Ongoing drug utilization review programs (DUR)
- Existence of reporting and monitoring mechanisms for adverse drug reactions and drug quality problems
- Existence of feedback mechanisms
- Ongoing training programs for prescribers and patients
- Finalize and pass the oblast Law on Drug Supply

LIKELY NEEDS AFTER PROJECT

The Policy Options Workshop was the last activity conducted by MSH/Rational Pharmaceutical Management Project with then-existing funding. The project thus will not be able to follow up on the activities outlined in the Oblast Health Administration plan. Support from USAID and donors may be essential to assist the oblast in achieving the goals and objectives of pharmaceutical sector reform.

- Karaganda Oblast may need assistance in developing its drug policy. Although the Oblast Health Administration seems to have a good understanding of the elements of drug policy and required implementation efforts, oblast decision makers do not have previous experience in such an activity. Oblast policy makers would certainly benefit from international experience. One option to familiarize oblast policy makers with other countries' programs would be a study tour to a country with similar public/private-sector relationships.
- Karaganda Oblast has all the necessary prerequisites for the implementation of a formulary system (the RPM guidelines, political will, and experts in clinical pharmacology). However, because drug formulary development is a lengthy and technically complicated activity, some technical assistance may be necessary.
- Karaganda Oblast has the political will to formulate standard treatment guidelines, but it lacks experience. The oblast will benefit from hands-on assistance from internationally acknowledged experts.
- In order to ensure transparency of drug procurement, technical assistance may be required to help the oblast develop drug-specific standard bidding documents, drug specifications, and drug supply contracts. In 1999, RPM assisted Kazakhstan in formulation tender documents for a national tuberculosis tender. However, not all recommendations were considered by the Tender Board, and the documents are not available at the oblast level. The tender process is another area in which assistance is needed. As the RPM experience showed, hands-on assistance in conducting a tender is effective, but for consistent results such assistance requires the presence of an observer or consultant at a series of tenders.
- Karaganda Oblast and national-level experts expressed a desire to establish an alternative to private, retail drug supply mechanisms by launching a state-controlled procurement and distribution network similar to the Pharmacia network of the former Soviet Union. This step, however, is not likely to solve the problem of affordability of pharmaceuticals at the facility level, but may instead be a step back to a command economy. International assistance may be essential to help the oblast establish better relationships with the private sector or with nongovernmental, independent drug procurement groups, for example, through existing hospital and FGP associations.
- It is evident that existing public-sector drug financing mechanisms are inefficient and wasteful. There is a strong belief at the oblast and national levels that the establishment of a medical insurance system may solve the problem. There are, however, certain prerequisites for establishing an insurance system, including the existence of enforceable drug formularies

and treatment standards, the readiness and ability of the population to pay insurance premiums, and so forth. Both oblast and national-level decision makers may benefit from an in-depth survey of the economic viability of establishing insurance mechanisms and follow-up training.

- The existence of sources of unbiased evidence-based drug information is a prerequisite for activities aimed at improving drug use. Currently, neither the oblasts nor the national government has the means or experience to establish drug information centers. To establish drug information services, assistance will be required in obtaining sources of unbiased drug information (reference manuals, access to the Internet, etc.), training in drug information development and use, and equipment. The RPM experience in developing drug information centers and informational materials in Russia may be used.

There is a particular need for international assistance to national-level decision makers for the following reasons:

- The current drug registration system does not create a favorable environment for competition in the drug market. Drug registration is a source of hard currency for the country and as such it does not serve the social goals. It is lengthy and expensive, making it impossible for many manufacturers, especially those producing good-quality generic products, to enter the market. This difficulty leads to the development of monopolies for certain drugs, an increase in the number of illegal (nonregistered, smuggled) drugs on the market, and a rise in prices. Assistance may be necessary to prove to the national government that inexpensive, effective drug registration will, in the long run, bring more revenues to the state and make quality drugs more affordable to the population.
- Discussions with the oblast decision makers and physicians showed that there are few incentives for health workers to reform the health sector by putting more emphasis on primary health care. A reduction in the number of hospital beds, or a decrease in the length of hospitalization, washes funds out of the health system. Whatever funds the oblasts can save through health reforms are not reinvested in health, but are taken out and used by the national government for other purposes. Such a situation undermines international efforts to implement health reforms in Kazakhstan and may be responsible for increasing resistance to reforms in primary health care. External assistance may be needed to develop an understanding of the problem at the national level.

LESSONS LEARNED

- The indicator-based pharmaceutical sector assessment provided policy makers with valid information against which they planned oblast pharmaceutical reforms anchored to reality.
- Commitment from top oblast health decision makers secured by RPM was a decisive factor in the success of the workshop.
- Participation of national-level decision makers, including representatives from the Government and Parliament, in drafting oblast drug policy made it possible to coordinate oblast drug policy planning with the national vision of pharmaceutical sector development.
- The use of local experts was a cost-effective means of promoting rational pharmaceutical management and creating stakeholders.
- Karaganda Oblast is rapidly developing local capacity in pharmaceutical sector management and could serve as an example for other oblasts and as a promising pilot site for other USAID-funded projects.
- Subcontracting the Karaganda Medical Academy to organize the workshop helped avoid many problems that otherwise could have occurred if the workshop had been organized from the United States. The skills of the Karaganda Medical Academy personnel in providing logistical support and bringing in participants from all over the oblast are commendable.

ANNEX 1. POLICY OPTIONS WORKSHOP TIMETABLE

Karaganda, May 25–26, 2000

Rational Pharmaceutical Management Project

Karaganda Oblast Health Administration

Oblast CHP Densaulyk

Karaganda Medical Academy

ZdravReform Project

May 25, 2000	
11:00–12:00	<i>Registration of Participants</i>
Co-chairs:	K. Ermekbaev, Head of Oblast Health Administration A. Zagorski, CAR Country Program Manager, RPM/MSH
12:00–12:45	<i>Opening Ceremony</i>
	H. Kabzhanov, Deputy Akim [Lieutenant Governor] of the Oblast T. Rakhimbekov, Adviser to the Prime Minister M. Omarova, Deputy Head of the Department of Drug Policy, Economy and Finance, National Agency for Health I. Aitmagambetova, Manager of Health Projects, USAID/Almaty Mission G. Hafner, Director, Public Health Programs, ZdravReform Project
12:45–1:25	A. Zagorski, CAR Country Program Manager, RPM/MSH, “Indicator-Based Pharmaceutical Sector Assessment: Objectives and Expected Outcomes of the Policy Options Workshop”
1:25–1:55	Dr. Talgat Nurgozhin, USAID ZdravReform, “Drug Supply Services in Kazakhstan: Issues and Approaches”
1:55–2:25	N. Khe, Director of CHP Densaulyk, “Issues and Development Options for the Drug Supply System in Karaganda Oblast”
2:25–3:00	<i>Coffee Break</i>
3:00–3:20	M. Tnimov, Head of Department of Licensing, Accreditation, and Post-Licensing Monitoring, Oblast Health Administration, “Drug Supply Organization and Regulation Problems and Possible Approaches”
3:20–3:40	D. Brevnov, Head of Information Department, CHP Densaulyk, “Role of Management Information Support in the Drug Supply System”
3:40–4:00	G. Schetinina, Deputy Director of Dari-Darmek. “Drug Legislation, Safety and Quality of Pharmaceuticals”
4:00–4:20	R.S. Dosmagambetova, Professor, Karaganda Medical Academy, “Options for Addressing Drug Use Problems in Hospitals”
4:20–4:40	K.A. Alihanova, Professor, Karaganda Medical Academy, “Options for Addressing Drug Use Problems in FGPs”
4:40–5:00	A. Gulyaev, Professor, Karaganda Medical Academy, “The Formulary System: Point of View of a Clinical Pharmacologist”
5:00–5:20	N.S. Umbetalina, Professor, Karaganda Medical Academy, “Role of the Medical Academy in Development of Rational Drug Use Approaches”
5:20–5:40	A. Zagorski, CAR Country Program Manager, RPM/MSH, “Objectives and Procedures of Work Group Session”

May 26, 2000	
9:00–1:00	<i>Work Group Sessions</i>
	Drug Policy Group K. Ermekbaev, Head of Oblast Health Administration A. Zagorski, CAR Country Program Manager, RPM/MSH
	Management Information Systems N. Khe, Director of CHP Densaulyk
	Formulary System Implementation M. Semenchenko, Senior Program Associate, RPM/MSH A. Gulyaev, Professor, Karaganda Medical Academy
	Pharmaceutical Sector Finance G. Hafner, Director, Public Health Programs, ZdravReform Project O. Zuz, Health Economics Consultant, ZdravReform Project
1:00–2:00	<i>Lunch</i>
2:00–4:00	<i>Presentations of Work Groups</i>
4:00–4:30	<i>Coffee Break</i>
4:30–5:30	<i>Discussion</i>
5:30–6:00	<i>Closing Ceremony</i> K. Ermekbaev, Head of Oblast Health Administration B. Tutkushev, Senator, Member of Parliament T. Rakhimbekov, Adviser to the Prime Minister I. Aitmagambetova, Manager of Health Projects, USAID/Almaty Mission G. Hafner, Director, Public Health Programs, ZdravReform Project A. Zagorski, CAR Country Program Manager, RPM/MSH

ANNEX 2. LIST OF WORK GROUP PARTICIPANTS

No.	Name	Position
1.	Tutkushev, Beksultan	Senator
2.	Urazalinov, Shaimerden	Representative of Majilis (body of the Parliament)
3.	Rakhimpbekov, Tolebai	Adviser to Prime Minister
4.	Tarasova, Lubov	Director of Dari-Darmek
5.	Omarova, Marua	Deputy Head of Department of Drug Policy, Economy, and Finance of the National Agency for Health
6.	Musin, Zainadar	Deputy Director of CHP Densaulyk
7.	Naimushina, Olga	Head of the Department of Health Finance of the Ministry of Finance
8.	Ermekova, Nesipbala	Head of the Department of the Special Strategies Development of the Agency for Strategic Planning
9.	Balapanov, Zeinelkabden	Head of Department of Regional Social Policy of the Ministry of Economy
10.	Dzanabaev, Duisebai	Head of Department of Health Facilities Activity Coordination of the National Agency for Health
11.	Kabzanov, Hairulla	Deputy Akim of Karaganda Oblast
12.	Uteshov, Serik	Deputy Akim of Karaganda Oblast
13.	Kalishev, Kanat	Head of Department of Internal Policy of Akimat
14.	Amelicheva, Elena	Chief Expert of Department of Internal Policy of Akimat
15.	Sizdikov, Elkair	Head of the Main Department of Economy and Business Support of Akimat
16.	Ualieva, Kuralai	Head of Department of Social Issues and Finance of Karaganda Oblast Finance Division
17.	Aliakparov, Makash	Rector of Karaganda Medical Academy
18.	Musulmanbekov, Kany	Deputy Rector of Karaganda Medical Academy
19.	Lohvitskiy, Sergey	Deputy Rector of Karaganda Medical Academy
20.	Makenbaeva, Alma	President of FGP Physicians Association, Jezkazgan
21.	Aitmagambetova, Indira	Health Projects Manager, USAID
22.	Hafner, Grace	Director, Public Health Programs, ZdravReform Project

List of Work Group Participants

No.	Name	Position
23.	Baiserke, Malika	Coordinator, Public Health Programs, ZdravReform Project
24.	Zuz, Olga	Economy expert, ZdravReform Project
25.	Katsaga, Alexander	Expert, ZdravReform Project
26.	Adekenov, Sergazi	Director of Institute of Phytochemistry
27.	Ermekebaev, Kanat	Head of Oblast Health Administration
28.	Kengebaev, N.	Deputy Head of Oblast Health Administration
29.	Abilkasimov, Ye.	Deputy Head of Oblast Health Administration
30.	Tnimov, M.	Head of Department of Licensing
31.	Nezamedinova, A.	Senior Associate of Oblast Health Administration
32.	Satekov, S.	Chief State Sanitary Physician
33.	Khe, Nadezhda	Director of CHP Densaulyk
34.	Nurbaev, A.	Head of Computer Department of Oblast CHP Densaulyk
35.	Brevnov, Denis	Senior Computer Expert, CHP Densaulyk
36.	Friss, Sergey	Senior Computer Expert, CHP Densaulyk
37.	Makazanova, Ludmila	Senior Associate, CHP Densaulyk
38.	Omarova, G.	Senior Associate, CHP Densaulyk
39.	Zarodina, L.	Senior Associate, CHP Densaulyk
40.	Ospanova, Zanna	Head of Statistics Department, CHP Densaulyk
41.	Gulyaev, Alexander	Professor, KMA
42.	Alikhanova, K.	Head of Department of FGPs, KMA; President of Karaganda Oblast FGP Physicians Association
43.	Umbetalina, N	Head of Department of Internal Medicine, KMA
44.	Tuganbekova, S.	Head of Department of Fundamentals of Internal Medicine, KMA
45.	Dosmagambetova, R.	Head of Department of Internal Medicine, KMA
46.	Apraimov, A.	Head of Karaganda City Health Administration
47.	Nyu, M.	Head of Shahtinsk Town Health Administration
48.	Musin, P.	Head of Temirtau Town Health Administration

List of Work Group Participants

No.	Name	Position
49.	Guranskiy, S.	Director of Oblast Children's Hospital
50.	Derkach, N.	Deputy Director of Oblast Children's Hospital
51.	Naurzbaev, K.	Director of OKB
52.	Karastashova, V.	Deputy Director of OKB
53.	Valshtein, I.	Director of Veterans Center
54.	Esimseitova, G.	Deputy Director of Veterans Center
55.	Burganov, R.	Director of Stomatology Center
56.	Rahishev, Ye.	Director of KOMLDO
57.	Lagai, E.	Deputy Director of KOMLDO
58.	Maluchenko, B.	Director of Oblast Oncological Center
59.	Neldibaev, Ye.	Deputy Director of Oblast Oncological Center
60.	Sadvokasov, K.	Director of Oblast STI clinic
61.	Amenova, A.	Deputy Director of Oblast STI clinic
62.	Bidaibaev, N.	Director of Phtysiatra Center
63.	Rimkulova, N.	Deputy Director of Phtysiatra Center
64.	Dusenbekov, V.	Director of Psychiatry Center
65.	Apel, A.	Deputy Director of Psychiatry Center
66.	Baltinova, R.	Director of Oblast Infectious Disease Hospital
67.	Ukpenov, R.	Director of Healthy Lifestyle Center
68.	Ustyancev, A.	Director of MSD Ispat-Karmet
69.	Koloragio, A.	Deputy Director of MSD Ispat-Karmet
70.	Chernov, D.	Director of MKB #1
71.	Kurmisheva, N.	Deputy Director of MKB #1
72.	Kamenev, V.	Director of Children's Hospital # 3
73.	Battakov, Ye.	Director of MKB Named after Makazanov
74.	Abugaliev, K.	Deputy Director of MKB Named after Makazanov
75.	Magzumov, G.	Director of MDSSH
76.	Bogoslavskiy, G.	Deputy Director of MDSSH
77.	Kusainov, K.	Director of KDP #1
78.	Suleimenova, A.	Deputy Director of KDP #1
79.	Pucenich, V.	Director of KDP
80.	Esenbaeva, K.	Director of NLU Polyclinika N2
81.	Bashirova, T.	Deputy Director of NLU Polyclinika N2
82.	Abishev, N.	Director of the Department Hospital
83.	Satova, K.	Director of Saran RMO
84.	Shilova, V.	Oblast Hematologist
85.	Astafieva, S.	Oblast Gastroenterologist

List of Work Group Participants

No.	Name	Position
86.	Lapkina, N.	Oblast Rheumatologist
87.	Bekenova, B.	Oblast Nephrologist
88.	Amenova, L.	Oblast Endocrinologist
89.	Segizbaeva, B.	Oblast Neuropathologist
90.	Musin, N.	Oblast Anesthesiologist-Rheumatologist
91.	Batralieva, A.	Director of Oblast Dari-Darmek
92.	Shetinina, G.	Head of Department of Certification and Quality Control of Oblast Dari-Darmek

ANNEX 3. WORK GROUPS

Drug Policy

Facilitators: K.K. Ermekbaev and A. Zagorski

Location—Office of the Head of the Oblast Health Administration

Meeting time: May 26, 2000; 9:30 a.m. to 12:30 p.m.

No.	Name	Position
1.	Tutkushev, Beksultan	Senator of Republic of Kazakhstan Parliament
2.	Aitmaganbetova, Indira	Health Projects Manager, USAID
3.	Naurzbaev, K.	Director of OKB
4.	Duimbekov, V.	Chief Physician of KOOP Hospital
5.	Valshtein, I.	Director of Veterans Center
6.	Chernov, D.	Director of MKB #1 Hospital
7.	Abugaliev, K.	Deputy Director of MKB Hospital
8.	Mustafina, A.	Director of KORFK Hospital
9.	Zaparov, Z.	Head of laboratory NAR&SF
10.	Baltinova, R.	Chief Physician of MKB Hospital
11.	Kamenev, V.	Chief Physician of Children's Hospital #3
12.	Kozitoev, S.	Head of Pharmacy of IFS
13.	Ustyantsev, A.	Director of MSD Ispat-Karmed
14.	Batralieva, A.	Director of Oblast Dari-Darmek
15.	Nelsunbaev, Ye.	Deputy Director of KOOP
16.	Sadvikasov, K.	Director of Sexually Transmitted Diseases Clinic
17.	Rahishev, E.	Director of KOMLDO Hospital
18.	Nezamedinova, A.	Head of Procurement Department, Oblast Health Administration
19.	Pushkanov, A.	OCMK
20.	Sharaben, Z.	Enterprise Saida

Management Information System

Facilitator: N. Khe

Location—Office of the Head of Karaganda Oblast CHP Densaulyk

Meeting time: May 26, 2000; 9:30 a.m. to 12:30 p.m.

No.	Name	Position
1.	Daimbaeva, R.	Correspondent
2.	Tastisogbaeva, Sh.	Deputy Director of IFK
3.	Zeleznikova, S.	Children's Hospital #3
4.	Bekbulatov, T.	OKB
5.	Nurbaev, A.	Head of Computer Department of CHP Densaulyk
6.	Brevnov, Denis	Senior Computer Expert, CHP Densaulyk
7.	Khe, Nadezhda	Director of CHP Densaulyk

Formulary System and Treatment Standards

Facilitators: A. Gulyaev and M. Semenchenko

Location—Conference Room of Oblast Clinical Hospital (OKB)

Meeting time: May 26, 2000; 9:30 a.m. to 12:30 p.m.

No.	Name	Position
1.	Tnimov, M.	Head of Department of Licensing of Oblast Health Administration
2.	Sharasheva, B.	Chief Therapist of Oblast Health Administration
3.	Daniyarova, B.	Deputy Director of OKB
4.	Omarova, G.	Senior Associate, CHP Densaulyk
5.	Zarodina, L.	Senior Associate, CHP Densaulyk
6.	Umbetalina, N.	Head of Department of Internal Medicine, KMA
7.	Nurgozin, T.	Consultant, ZdravReform Project
8.	Gulyaev, A.	Professor, KMA
9.	Semenchenko, M.	Senior Program Associate, RPM/MSH
10.	Haidaralieva, L.	Resident of Department of FGP
11.	Alihanova, K.	Head of Department of FGP
12.	Inogamov, S.	Resident of Department of FGP
13.	Zarodin, I.	Physician, Oblast Children's Hospital
14.	Miroshnichenko, O.	Head of Department, Veterans Center
15.	Samarova, A.	Head of Department, Veterans Center
16.	Zagidullina, K.	Head of Department, Veterans Center
17.	Dosmagambetova, R.	Head of Department of Internal Medicine #2
18.	Turmuhambetova, R.	Resident of Department of Internal Medicine #2
19.	Horoshan, A.	Resident of Department of Internal Medicine #2
20.	Epifanova, E.	Resident of Department of Internal Medicine #2
21.	Tolubekov, K.	Resident of Department of Internal Medicine #2
22.	Farhan, I.	Resident of Department of Internal Medicine # 2
23.	Lapkina, N.	Head of Rheumatological Department of OKB
24.	Lee, N.	Head of Pulmonological Department of OKB
25.	Musina, T.	Hospital #3, Temirtau
26.	Musina, A.	City Health Administration, Temirtau
27.	Bisikenova, D.	Resident of Institute of Phytochemistry
28.	Alayeva, L.	Physician, Oblast Infectious Disease Hospital
29.	Boncerepotova, G.	Physician, OKB
30.	Skizanova, B.	Physician, OKB
31.	Shilova, V.	Physician, OKB
32.	Gladkih, Z.	Physician, OKB
33.	Rahimbetova	Physician, OKB
34.	Karimova	Physician, OKB

Formulary System and Treatment Standards

No.	Name	Position
35.	Shraiber	Physician, OKB
36.	Berdneva, B.	Resident, OKB
37.	Konurova, A.	Resident, OKB
38.	Bondareva, N.	Resident, OKB
39.	Ivanova, I.	Resident, OKB
40.	Fisher, S.	Resident, OKB
41.	Kovalenko, O.	Resident, OKB
42.	Fadeeva, E.	Resident, OKB
43.	Bagryantseva, N.	Resident, OKB
44.	Burnitbayeva, N.	Resident, OKB
45.	Nurkyeva, N.	Physician, KMA
46.	Toshyikizi, A.	Physician, KMA

Pharmaceutical Sector Finance

Facilitators: Grace Hafner and Alexander Katsaga

Location—Room 7, CHP Densaulyk

Meeting time: May 26, 2000; 9:30 a.m. to 12:30 p.m.

No.	Name	Position
1.	Derkach, N.	Deputy Director of Oblast Children's Hospital
2.	Karastashova, V.	Deputy Director of OKB
3.	Esimseitova, G.	Deputy Director of CVIOV
4.	Lagai, E.	Deputy Director of KOMLDO Hospital
5.	Neldybaev, E.	Deputy Director of Oncological Center
6.	Amenova, A.	Deputy Director of STI Hospital
7.	Rymkulova, N.	Deputy Director of TB Center
8.	Apel, A.	Deputy Director of Psychiatric Center
9.	Koloradgio, A.	Deputy Director of Ispat-Karmet Hospital
10.	Kurmysheva, N.	Deputy Director of Hospital #1
11.	Abugaliev, K.	Deputy Director of Makazhanov Hospital
12.	Bogoslavski, G.	Deputy Director of MDSSH Hospital
13.	Suleimenova, A.	Deputy Director of Polyclinic #1
14.	Bashirova, T.	Deputy Director of Polyclinic #2

ANNEX 4. WORK GROUP RESOLUTIONS

Plan of Activities: Management Information Systems Group

Activities
1. Establishment of drug management information system based at CHP Densaulyk. Prerequisites for selecting Densaulyk were the following: <ul style="list-style-type: none">• The database on patients was created there.• Densaulyk has strong connections with health facilities.• Densaulyk has highly qualified staff and good technical equipment.
2. Development of drug and oblast drug suppliers database, which will include the following components: <ul style="list-style-type: none">• Parameters structure• Entering of data• Updating of data
3. Creation of standardized information flows between the center and the following organizations: <ul style="list-style-type: none">• Health facilities• Drug companies• Health Administration• Scientific organizations
4. Development of package of regulatory information documents within all information flows
5. Development of medical care quality indicators
6. Evaluation of treatment outcomes in different diseases through drug utilization review (DUR) and presentation of the results to FTC
7. Provision of information on drugs to health facilities and patients
8. Development of communications among medical organizations in order to share professional information

Plan of Implementation: Formulary System and Treatment Standards Group

The results of the Karaganda pharmaceutical sector assessment were discussed and a formulary system was proposed as the main strategy for health care reform. The work group discussed the possible approaches for formulary implementation in Karaganda Oblast. Two alternative approaches were suggested:

1. Create standard treatment guidelines (STGs) and then compile the formulary list using the STGs as a basis.
2. Develop a formulary list based on a list of drugs purchased during the last year.

After an intensive discussion, the work group decided to adopt the second alternative. The Medical Academy should continue developing modern, drug-specific STGs, and in the meantime drug selection should be strictly based on existing standard treatment guidelines.

The other important point of the discussion was the level of formulary implementation in hospitals and FGPs. The opinion was expressed that a universal FGP formulary should be developed for all FGP clinics in the oblast. The FGP Physicians Association, in collaboration with KMA, could lead this initiative. It was stressed that any universal FGP formulary should offer a sufficient number of drug choices to account for differing demographic situations (e.g., in areas with an old population, or—the opposite—a young population). As for hospitals, the idea of an individual formulary for each hospital was approved.

The participants expressed their interest in DUR programs; they decided that DUR can be initiated concurrently with formulary implementation, and that KMA and CHP Densaulyk should take the leading role in the process.

Four pilot sites for formulary and DUR program implementation were selected. They were as follows:

- Oblast Clinical Hospital (OKB) (*Formulary and DUR*)
- KOMLDO Hospital (*Formulary and DUR*)
- City Hospital #1 (*Formulary and DUR*)
- FGP Modelnaya (*DUR*)

Table 1. Plan of Formulary System Implementation in Karaganda Oblast

Steps	Place	Timeline	Responsibility
1. Issue an order by the Head of Oblast Health Administration on formulary system implementation in Karaganda Oblast	Oblast Health Administration	June–September 2000	Head of Oblast Health Administration
2. Establish a Formulary and Therapeutics Committee of seven to 11 members: <ul style="list-style-type: none"> • Oblast Committee • Hospital Committees • FGP Committee 	Oblast Health Administration Oblast Clinical Hospital (OKB), KOMLDO Hospital, City Hospital #1 FGP Physicians Association	June 2000	Head of Oblast Health Administration; Director of CHP Densaulyk Chief physicians President of FGP Physicians Association
3. Develop policies and procedures	Oblast Health Administration Oblast Clinical Hospital KOMLDO Hospital City Hospital #1 FGP Physicians Association	June 2000	Formulary and Therapeutics Committee (FTC)

Table 1. Plan of Formulary System Implementation in Karaganda Oblast (cont'd.)

Steps	Place	Timeline	Responsibility
4. Develop or choose a therapeutic classification scheme	Oblast Health Administration Oblast Clinical Hospital (OKB), KOMLDO Hospital, City Hospital #1 FGP Physicians Association	June 2000	FTC
5. Collect necessary data for analyzing existing drug use patterns: <ul style="list-style-type: none"> • Morbidity data—a list of the top 50 diagnoses or top 50 reasons for admission • Drug information available • List of all drugs purchased and used by the health facility during the last year 	Pilot health facilities	October 2000	FTC, Data collectors
6. Analyze morbidity data; Conduct ABC and VEN analyses	Pilot health facilities	October 2000	FTC, Data collectors
7. Compile the list of drugs purchased and used by the health facility during the last year using generic names and chosen drug classification	Pilot health facilities, FGP Physicians Association	October 2000	FTC, Data collectors
8. Conduct drug class reviews using available STGs and create a draft Formulary List	Pilot health facilities, FGP Physicians Association	October 2000–January 2001	FTC

Table 1. Plan of Formulary System Implementation in Karaganda Oblast (cont'd.)

Steps	Place	Timeline	Responsibility
9. Approve the Formulary List for use in the health facility	Pilot health facilities, FGP Physicians Association	January 2001	FTC, Chief physicians, President of FGP Physicians Association
10. Educate hospital personnel about policies and procedures on nonformulary drug use, additions and deletions to the formulary, and generic and therapeutic substitution	Pilot health facilities, FGP Physicians Association	January 2001	FTC, Chief physicians, President of FGP Physicians Association
11. Develop Oblast Formulary List on the basis of hospital and FGP formularies	Oblast Health Administration	January 2001	Oblast FTC, Oblast Health Administration
12. Develop drug formulary manual	Oblast Health Administration	January 2001	Oblast FTC, Oblast Health Administration
13. Develop educational program on formulary system for medical professionals	Oblast Health Administration, KMA	November 2001	Rector of KMA, KMA Professors

Table 2. Plan of Implementation of Drug Utilization Review (DUR) Program in Karaganda Health Facilities

Steps	Place	Timeline	Responsibility
1. Establish a Special DUR Program Committee (one committee for all pilot health facilities)	Oblast Health Administration	June 2000	Oblast Health Administration, KMA, CHP Densaulyk
2. Approve a working plan, identify hospital wards where the selected drugs are in use, select FGP clinics for survey	Oblast Health Administration, and KMA	June–September, 2000	DUR Committee
3. Develop data collection forms and recruit data collectors	Oblast Health Administration and KMA	September–October 2000	DUR Committee
4. Collect data	Health facilities	October–November 2000	DUR Committee
5. Analyze data and reveal problems in drug use	Health facilities	November–December 2000	DUR Committee
6. Present the results at hospitals' weekly conferences, meeting of FGP Physicians Association; report to Oblast FTC	Health facilities	January 2001	DUR Committee
7. Develop and provide measures to correct the problems revealed	Health facilities	January–February 2001	DUR Committee
8. Follow up DUR	Health facilities	December 2001	DUR Committee

Plan of Activities: Pharmaceutical Sector Finance Group

Steps
1. Make changes in the Republic of Kazakhstan law “On Federal Procurement”: <ul style="list-style-type: none"> • Include clinical experts in tender committees • Develop the system to monitor contracts obligations
2. Increase state regulation of drug prices
3. Make available the health sector funds in accordance with requirements of the government order “On Free Guaranteed Medical Services”
4. Develop effective mechanism of copay in treatment and drug supply
5. Develop a system to standardize drugs prescribing
6. Increase the role of professional associations in health care sector
7. Develop regulatory document “On Pharmacotherapeutic Committees of Health Facilities,” which would allow the committees to participate in drug tenders and to assess the fulfillment of contracts
8. Provide access to information on nomenclature and costs of medicines on the market
9. Facilitate development of voluntary pharmaceutical insurance
10. Conduct an experiment on free drug supply at the primary health care level
11. Implement basic principles of pharmacoeconomics in medical practice

